

MEDIA RELEASE

**Attention: News Director
For Immediate Release
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**U.S. DEPARTMENT OF JUSTICE
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Western District of Kentucky**

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**FORMER PROVIDENCE CITY CLERK FOUND GUILTY
OF MONEY LAUNDERING, EMBEZZLEMENT**

– Embezzled over \$900,000 from city

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that **SARA B. STEVENS**, age 46, of Clay, Kentucky, in Webster County, was **found guilty** yesterday by a federal jury in United States District Court, Owensboro, Kentucky, of embezzling over \$900,000 in city funds between January 2001 and April 2004, and for money laundering.

The jury's verdict of guilty was returned following a six day trial before Joseph H. McKinley, Jr., Judge, United States District Court.

Stevens was Providence's City Clerk from 2001 until she was placed on administrative leave in April 2004. One of her principal duties was to supervise the collection of millions of dollars in utility payments received from Providence residents each year. **Stevens** was tried for embezzling over \$900,000 of utility payments between 2001 and April 2004, and laundering a portion of those funds by purchasing a car for her co-defendant, Eric Smith, and by concealing the source of stolen funds by giving Smith \$10,000 in cash and telling him to deposit it into his own bank account, and then to write a \$10,000 check to the City as repayment for the car. Smith had previously pleaded guilty and will be sentenced on November 17, 2006, in Owensboro.

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The case was initially investigated by the Kentucky Office of the Auditor of Public

Accounts, and was the largest fraud uncovered in the history of that Office. An extensive review of the City's utility fund records revealed that between 2001 and April 2004, over \$900,000 in utility payments were credited as received without any corresponding bank deposit. The investigation also revealed that **Stevens** wrote herself at least five City checks totaling more than \$18,000, without authorization. A further review of the City's utility fund records revealed that there were no missing payments after **Stevens** left the office in April 2004.

An examination of **Stevens'** financial records showed that between 2001 and April 2004, **Stevens** spent nearly \$250,000 over and above all of her known sources of income. In her last nine months as City Clerk, **Stevens** had over \$116,000 in expenses, despite a yearly salary of less than \$40,000. In the nine months after she was placed on administrative leave, **Stevens'** expenses dropped by over \$100,000.

Three other clerks who worked for **Stevens** in the City building testified that whereas they had each counted their own cash drawers every day in the past, **Stevens** changed the procedures and essentially took over counting the cash drawers herself. When this change was implemented, large shortages were noticed in the cash drawers, and resident complaints of uncredited payments increased.

The maximum potential penalties are 70 years imprisonment, a \$1,750,000 fine, and supervised release for a period of 5 years.

The case was prosecuted by Assistant United States Attorney David Weiser, and it was investigated by the Kentucky Office of the Auditor of Public Accounts, the Kentucky Attorney General's Office, and the Federal Bureau of Investigation.

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Stevens is scheduled to be sentenced before Judge Joseph McKinley, Jr., on February 13,

2007, at 9:00 a.m., in Owensboro, Kentucky.

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